

S. J. [Signature]
AUSA -
1-13-2020

Amended **SENTENCE DATA SHEET**

DEFENDANT: JOHN WESELY SARPY

CRIMINAL NO: H-18-CR-718

GUILTY PLEA: Count One of the Indictment
Wire Fraud
18 U.S.C. § 1343

CITIZENSHIP: U.S.C.

SUBSTANCE OF

PLEA AGREEMENT: (a) Defendant is pleading to Count One of the Indictment.

(b) United States agrees not to oppose Defendant's anticipated request to the Court and the United States Probation Office that he receive a two level downward adjustment pursuant to section 3E1.1 and not to oppose Defendant's request for an additional one-level departure based on the timeliness of the plea.

(c) ~~United states is agreeing to file a~~ *A Potential 5K1.1 motion on behalf of the defendant at sentencing, if leads to substantial assistance*

(d) The defendant is waiving his right to appeal, expect for ineffective assisted as detailed in the plea agreement.

COUNTS ONE

ELEMENTS: Wire Fraud – 18 U.S.C. § 1343

First: That the defendant knowingly devised or intended to devise a scheme to defraud, as charged in the indictment;

Second: That the scheme to defraud employed false material representations, or false material pretenses, or false material promises;

Third: That the defendant transmitted, or caused to be transmitted, by way of wire communications, in interstate commerce, any writing for the purpose of executing such scheme; and

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Fourth: That the defendant acted with a specific intent to defraud.

PENALTY: Up to 20 years imprisonment;
A fine of not more than \$250,000 or twice the gross gain or twice the gross loss, whichever is greater;
Up to 3 years supervised release; and
\$100 special assessment.

FACTUAL BASIS

JOHN WESLEY SARPY (SARPY) resided in Houston, Texas during the time of the scheme and was the registered agent and president of Sarpy Investment Corporation with an address in Houston, Texas. Additionally, **SARPY** is listed as the Registered Agent of Legacy International Production & Exploration Corporation (Legacy) with a principal office address in Houston, Texas. The e-mail addresses utilized by **SARPY** during the scheme were sarpy.john@sarpy-inv.com and john.sarpy@legacyipe.com. **SARPY's** scheme consisted of attempting to obtain multi-million dollar loans from various lending institutions and submitting fraudulent documents.

In August 2018, the United States Attorney's Office and the FBI received information that **SARPY** was attempting to obtain multi-million dollar loans from various lending institutions and was submitting fraudulent documents in order to obtain those loans. Some of the fraudulent documents submitted by Sarpy were financial audit opinions for Sarpy Investment Corporation and Legacy which purported to be from the auditing firms KPMG, BDO and PricewaterhouseCoopers

(PwC). It was determined through contacts with these firms that the audit opinions were fraudulent and that Sarpy was not a client of any of these companies.

An example of **SARPY'S** scheme to defraud is found in Count One of the Indictment. William Kemp is Vice-President of Business Development for Republic Business Credit and is based in Texas. Republic Business Credit is a company that assists other companies in acquiring financing/loans for their business needs. In assessing whether to give a loan to a company, they assess the company's financial statements and financial audit opinions. On March 21, 2018, Kemp received an email from **SARPY**, which included a fictitious BDO financial audit opinion, which falsely stated that BDO had audited Legacy's financial statements. The financial statements falsely showed that Legacy had substantial assets when in fact Legacy had no assets. **SARPY** attempted to obtain a loan between \$6 and \$10 million through Republic Business Credit by submitting this fictitious BDO report via an interstate email wire communication. Republic Business Credit is headquartered in New Orleans and has their servers are located in New Orleans. BDO USA, LLP is a professional services and accounting/consulting firm with its headquarters in Chicago, Illinois.

Dated: January 8, 2020

/s/Suzanne Elmilady
Suzanne Elmilady
Assistant U.S. Attorney